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Nonresidents costly for KSU

By Dan S. Green

No matter how you look at it, public higher education is a costly venture – for students as well as a state. Costly as it is, however, the net gain for a student who graduates from college is considerable. The overall benefit to a state with a large number of college graduates is inestimable. Clearly, public higher education benefits the entire state.

Public higher education is supported primarily by tax money, and secondarily by student tuition. Since a state benefits in the long run by having a more educated populace, it is in the state's best interest to subsidize public colleges with low tuition rates for residents. The beauty of this is that students pay only a fraction of the actual cost of their education; the state subsidizes the remainder. Tuition covers about 30 percent of the cost of educating a student. Given the current economic situation, the state allocation for higher education has been steadily declining in Kentucky as schools are unceremoniously told, "Tighten your belt." As the state allocation declines, one alternative is to raise tuition.

According to a recent State Journal article, by increasing tuition, Kentucky State University will gain approximately \$1.9 million next year, mostly from nonresident students. Although this increase will undoubtedly be a burden to many, it is necessary to help defray the decrease in state funding. Charging nonresidential students a higher tuition rate is standard procedure in all states. Since their education is being subsidized by the state, in this case Kentucky, and their parents are not paying state taxes, they should be expected to pay higher tuition.

In Kentucky, the Council on Postsecondary Education, charged with regulating tuition at state schools, has prudently decreed that nonresident students at the state's public universities must pay at least twice what Kentucky residents pay. KSU's new rate for nonresidents is 2.4 times more than the resident tuition rate. I think all would agree that this is only fair to the taxpayers of Kentucky. The additional tuition funds generated by nonresidential students will help supplant the decrease in state funds. Nonresident students present a classic win-win situation. The students win by attending the college of their choice and many choose to remain in the state; the school wins by charging them higher tuition. Generally, a few nonresident students present no burden and are easily merged into the resident student population with little or no additional cost. However, the scenario at KSU is entirely different. According to The State Journal, 55 percent – over half the student body – are nonresident students. That is, out of an enrollment of 2,659 students, a staggering 1,462 students are nonresident. This number is likely even higher since some nonresidents eventually become residents. Data have repeatedly shown that KSU suffers from an economy of scale – too few students for the size of the infrastructure. Although the large number of nonresidential students alleviates this condition, their tuition does not nearly cover the additional cost of educating them.

The percentage of nonresidents at a university is usually less than 20 percent except for major research universities and schools that border other states. For example, Morehead has 15 percent nonresidents, Western 17 percent and UK a little over 20 percent. Northern and Murray, schools on the border, have about 30 percent nonresidents. Because of the inordinately large number of

nonresidents at KSU, and the fact that the commonwealth is hard-pressed to support its resident students, our largess toward subsidizing these nonresidents students bears examination. Such a large number of nonresidents simply cannot be merged into the resident student population without a considerable additional expenditure of funds – public funds.

The state appropriation for KSU is more than double the amount received from student tuition. This means that state taxpayers are subsidizing more than half of the KSU enrollment. In other words, over half of the state allocation of taxpayers' money, allotted to defray the cost of higher education to Kentucky residents, is used for nonresident students. In this turbulent era of economic hardship and high unemployment, should Kentucky be subsidizing over half the student population of a state school? I suggest that CPE consider a cap on the number of nonresident students.

Yes, education is costly. But should scarce Kentucky tax money subsidize over half of KSU's enrollment? By the way, data show that over two-thirds of the KSU nonresident students leave Kentucky.

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